

## Senate Bill No. 1359

### CHAPTER 394

An act to add Section 14107.13 to the Welfare and Institutions Code, relating to Medi-Cal.

[Approved by Governor September 9, 2004. Filed  
with Secretary of State September 9, 2004.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1359, Brulte. Medi-Cal: notices.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and other low-income persons.

This bill would require the department, in conjunction with the Department of Justice, to identify those areas of the fee-for-service Medi-Cal program that are at greatest risk of fraud or abuse. The bill would require the department to provide a notice to confirm to, and request confirmation of service from, identified recipients of benefits and referring and rendering providers of benefits under the fee-for-service Medi-Cal program.

*The people of the State of California do enact as follows:*

SECTION 1. Section 14107.13 is added to the Welfare and Institutions Code, to read:

14107.13. (a) (1) The department, in conjunction with the Department of Justice, shall identify those areas of the fee-for-service Medi-Cal program that are at greatest risk of fraud or abuse.

(2) In an effort to curb the fraud and abuse, the department shall do one or both of the following:

(A) Request confirmation of service from beneficiaries that services or goods were actually received.

(B) Request confirmation of service from referring and rendering providers that the referring providers actually authorized and the rendering providers actually delivered services or goods underlying claims for reimbursement.

(3) For purposes of this section, "areas" includes, but is not limited to, provider types, services, aid code categories, and geographic areas.

(b) For any fee-for-service benefit, the department shall provide a notice to confirm service to the following:

(1) The recipient of the benefits.

(A) Notices under this paragraph shall be provided no more frequently than once per calendar month and shall detail all benefits reportedly received that are relevant to the suspected fraudulent or abusive activity identified in paragraph (1) of subdivision (a).

(B) Notwithstanding subparagraph (A), a notice shall not be provided to a beneficiary who has not received benefits that are relevant to the suspected fraudulent or abusive activity identified in paragraph (1) of subdivision (a).

(2) The referring and rendering providers of benefits.

(A) Notices under this paragraph shall be provided no more frequently than one per calendar month and shall detail all referrals for benefits and all benefits rendered that are relevant to the suspected fraudulent or abusive activity identified in paragraph (1) of subdivision (a).

(B) Notwithstanding subparagraph (A), a notice shall not be sent to a provider who has made no referrals for benefits nor rendered benefits that are relevant to the suspected fraudulent or abusive activity identified in paragraph (1) of subdivision (a).

(C) Notwithstanding subparagraph (A), a notice shall not be sent to a provider who receives a remittance advice from the state.

(D) Subject to subdivision (e), notices under this paragraph shall be sent to the provider's mailing address, facsimile number, or electronic mail address, of record with the appropriate licensing agency.

(c) The notices required by this section shall be sent for as long as the department, in conjunction with the Department of Justice, deems it necessary for fraud control purposes.

(d) The notices required by this section shall be adopted jointly by the department and the Department of Justice.

(e) The notices required by this section shall be transmitted electronically, via facsimile, or by mail, whichever is most cost-effective, practicable, and consistent with state and federal privacy laws and regulations.

(f) Notices sent to beneficiaries pursuant to paragraph (1) of subdivision (b) shall comply with the Medi-Cal threshold language requirements that apply to Medi-Cal managed care plans.

